

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BELLSOUTH TELECOMMUNICATIONS, INC.'S	)	CASE NO.
PROPOSED TARIFF FILING TO CHANGE	)	2001- 470
RATES FOR SELECTED VERTICAL SERVICES	)	

O R D E R

In response to BellSouth Telecommunications, Inc.'s ("BellSouth") tariff filing of November 30, 2001, raising prices for certain vertical services, and in light of our decision in Administrative Case No. 382,<sup>1</sup> we revisit our decision of June 8, 2001 and permit the proposed price increases to go into effect as of January 2, 2002.

In our Order dated June 8, 2001, in Case No. 2001-061,<sup>2</sup> we denied BellSouth's proposal to increase its prices for vertical services in part because there was no meaningful competition for the services. We held that additional revenue from these services would constitute a windfall for BellSouth and that the proposed increases, therefore, did not meet the parameters and purposes of BellSouth's transition regulation plan ("TRP"). Our Order in Administrative Case No. 382 should, however, materially change these circumstances, as it significantly lowers the prices BellSouth may charge competitors for unbundled network elements ("UNEs"). These new rates, coupled with the fact that, in Kentucky, a competitor who buys a BellSouth switch at the UNE rate

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<sup>1</sup>Administrative Case No. 382, An Inquiry Into the Development of Deaveraged Rates for Unbundled Network Elements, Order Dated December 18, 2001.

<sup>2</sup>Case No. 2001-061, BellSouth Telecommunications, Inc.'s Proposed Tariff Filing to Change Rates for Selected Vertical Services, Directory Assistance Service, Late Payment Charges, and Analog Private Line Services, Order Dated June 8, 2001.

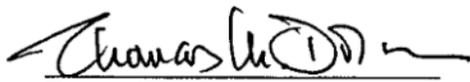
also buys the vertical service capabilities of that switch, should provide incentive to competitors to enter the vertical services market.<sup>3</sup>

The Commission being sufficiently advised, IT IS THEREFORE ORDERED that BellSouth's tariff filed November 30, 2001, increasing the rates for certain vertical services, is hereby accepted, and the rates therein are effective as of January 2, 2002.

Done at Frankfort, Kentucky, this 18<sup>th</sup> day of December, 2001.

By the Commission

ATTEST:

  
Executive Director

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<sup>3</sup> The Commission has required ILECs to provide to all CLECs all of the features, functions and capabilities of requested network elements including all of the features, functions and capabilities of the local switch when unbundled local switching has been purchased by the CLEC. See, e.g., Case No. 96-482, The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C., (Order Dated July 14, 1997) at 5-6.